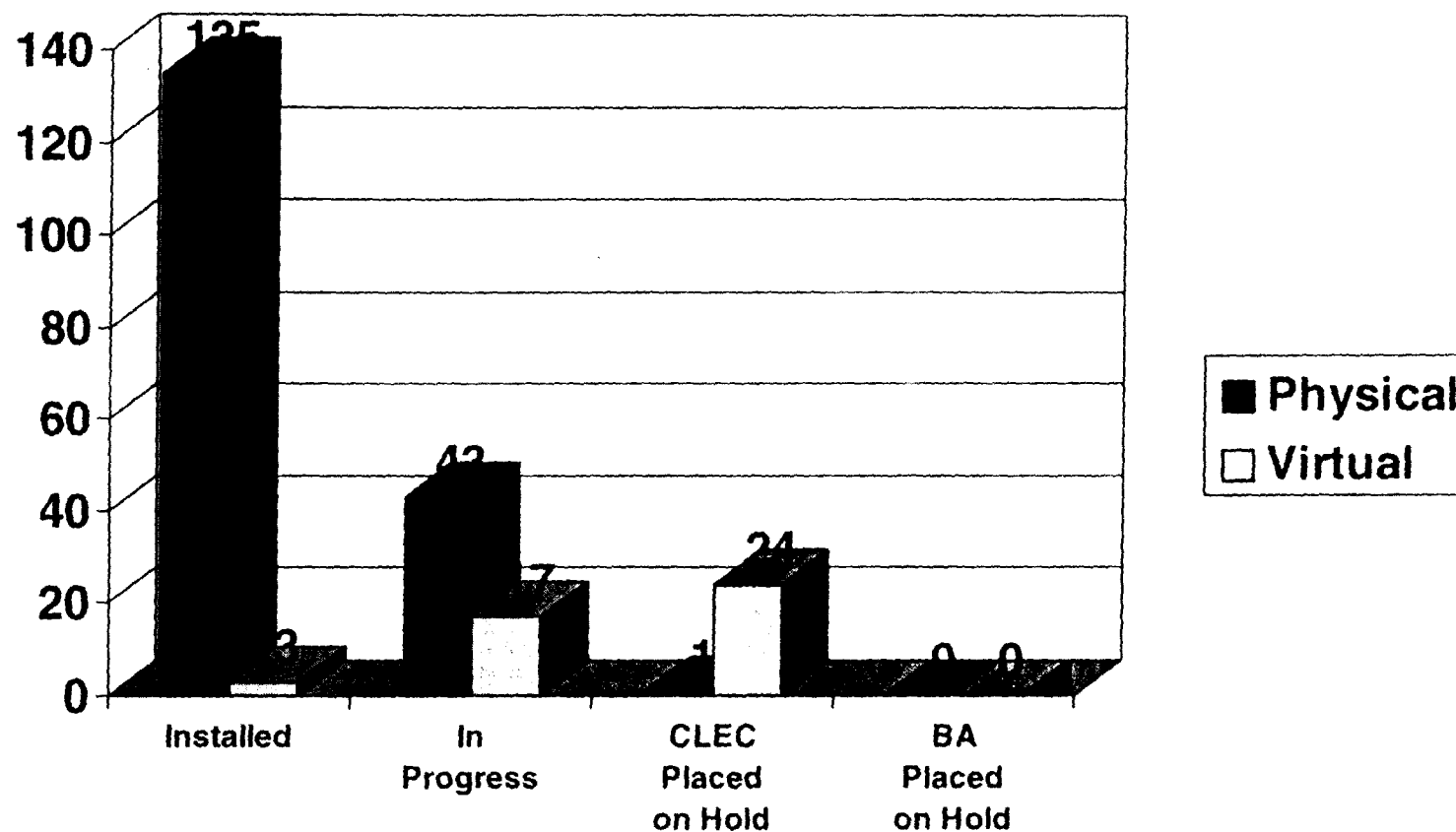


: Collocation Volume - New York



As of January 1998, Bell Atlantic - New York

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∴ *Collocation Statistics*

- 24 CLECs With Active Collocation Applications
 - 15 CLECs with Collocation In-Service
- 48 COs with Collocation In-Service
- 69 Collocation Arrangements Installed from 1991 to 1996
- 63 Collocation Arrangements Installed in 1997 Alone

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• *Collocation Offering*

- Collocation Allows the Placement of CLEC or CAP Equipment in a Bell Atlantic Premise for the Purpose of Interconnecting to Bell Atlantic's Network
- Collocation Arrangements Can Provide Access to Unbundled Network Elements, Interconnection and Access Services
- Bell Atlantic Offers Both Physical and Virtual Collocation Arrangements
- Collocators Can Bring Own Transport Facilities Through BA-NY Office to the Collocation Arrangement
- Collocators Interconnect at Voice Grade, Digital, and Optical Transmission Rates

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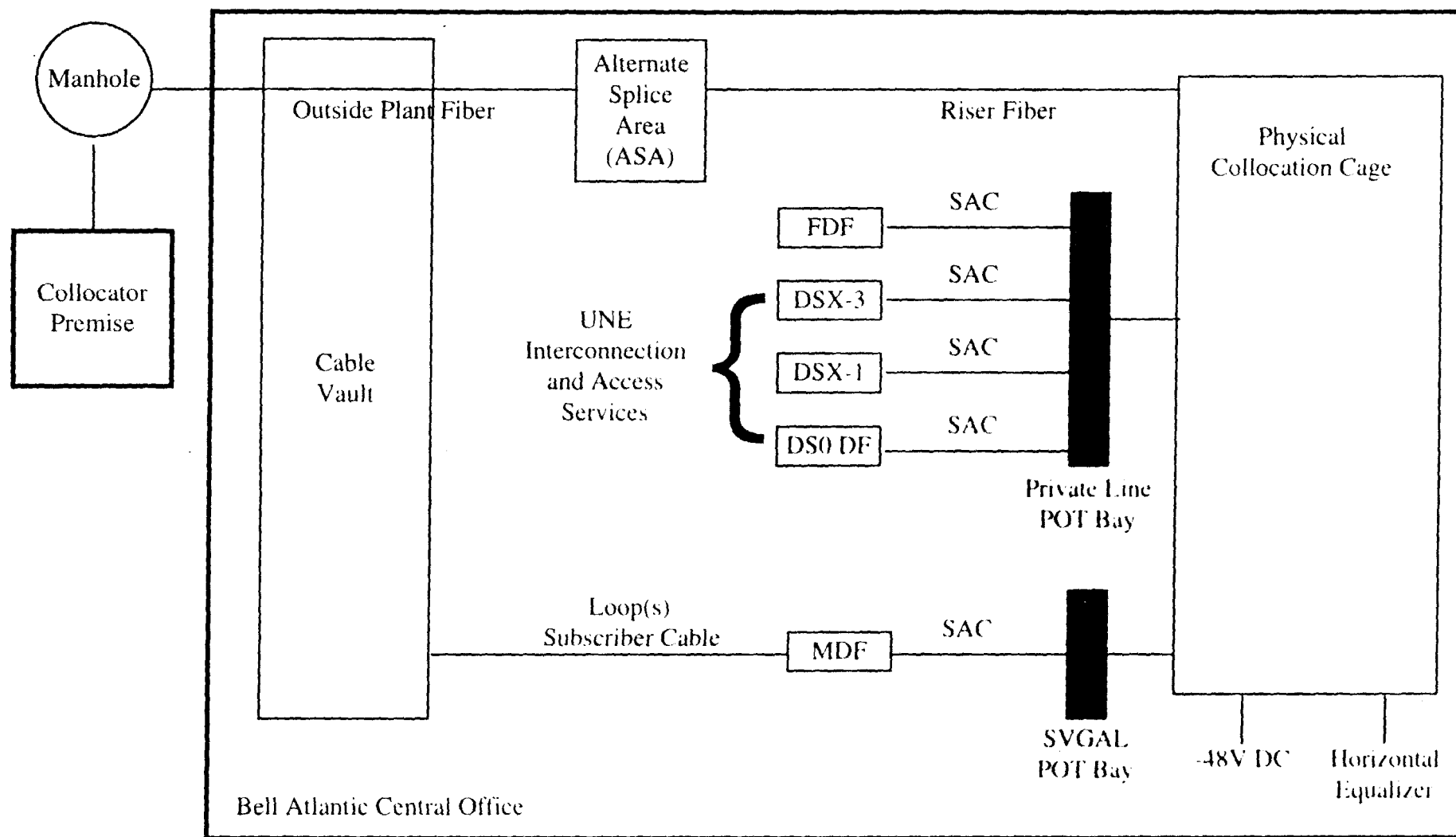
∴ *Physical Collocation Description*

- Dedicated, Secured Space is Constructed and Provided to the CLEC
- CLEC Installs Its Equipment Within the Collocation Arrangement
- BA-NY and the CLEC Interconnect through the Point of Termination (POT) Bay
- Collocator Has 24 Hour Access 7 Days a Week to the Physical Arrangement
- CLEC is Responsible for All Equipment Provisioning and Maintenance within the Physical Arrangement

∴ *Virtual Collocation Description*

- Collocator-provided, BA-owned Equipment is Installed in a Line up Along Side BA Equipment
- Equipment is Dedicated to the Sole Use of the Collocator
- Bell Atlantic Performs Provisioning and Servicing at the Direction of the Collocator
- Collocator Responsible for Ensuring Appropriate Spare and Replacement Equipment are Available at Site

Physical Collocation Diagram

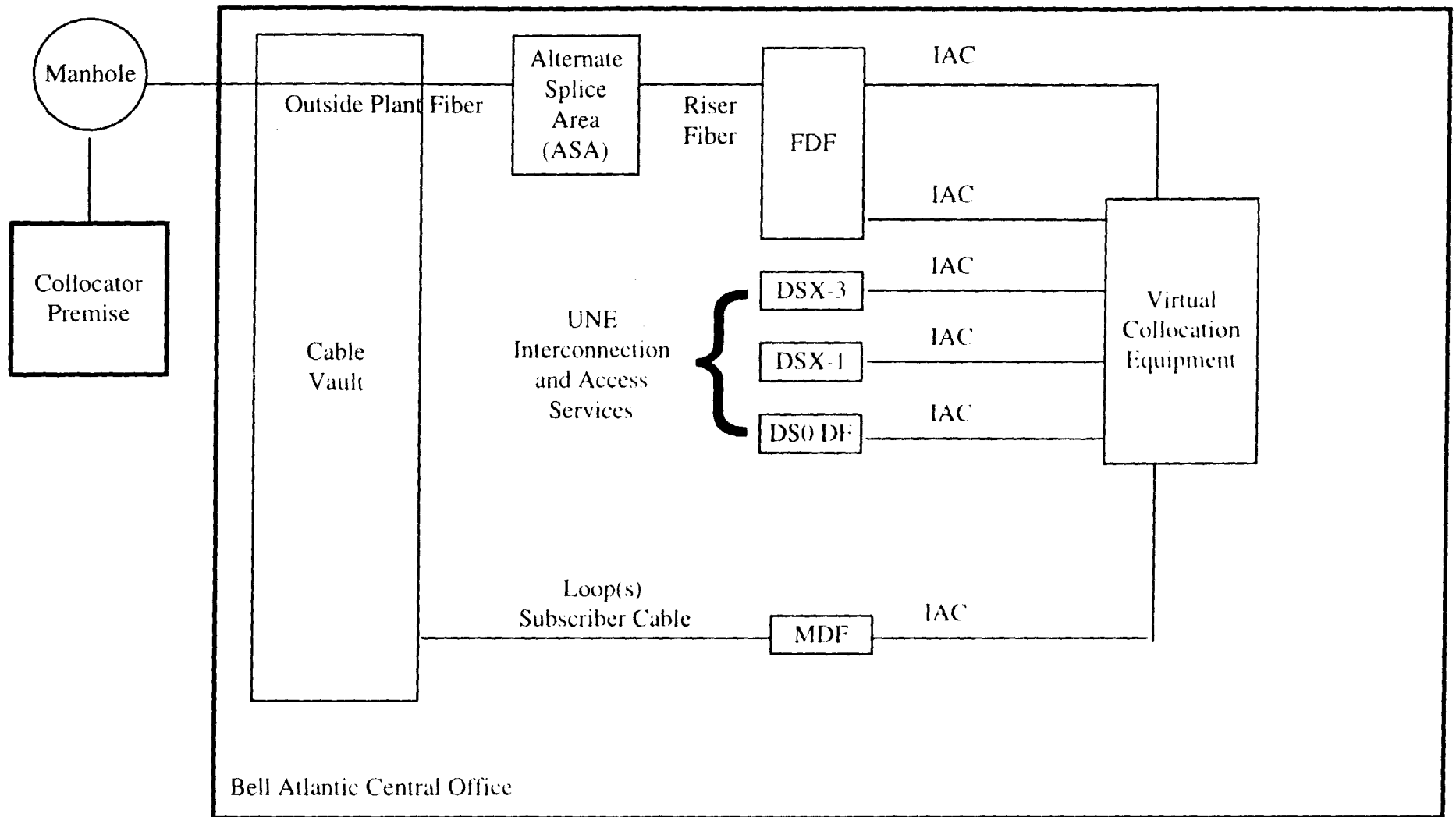


Key

SVGAL	Switched Voice Grade Analog Link	MDF	Main Distribution Frame
POT Bay	Point of Termination (POT) Bay	DSX	Digital Signal Cross Connect
FDF	Fiber Distribution Frame	SAC	Service Access Cable

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Virtual Collocation Diagram



Key

SVGAL = Switched Voice Grade Analog Link

POT Bay = Point of Termination (POT) Bay

FDF = Fiber Distribution Frame

DF = Distribution Frame

DSX = Digital Signal Cross Connect

IAC = Interconnection Access Cable

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: Collocation Process Management

- Collocation Implementation is a Joint BA / CLEC Responsibility Which Requires Both Parties to Participate in:
 - Planning, including Forecasts
 - Scheduling Due Dates and Interim Milestones
 - Meeting Commitments
 - Change Control Flexibility

∴ *Physical Collocation Implementation*

- Collocator Submits Completed Application with Fee
- Bell Atlantic Completes Site Survey by Real Estate, CO Engineering, and Common Systems Engineering
- Bell Atlantic Notifies Collocator If Request Can Be Accommodated, Requests 50% Down-payment
- Collocator Notifies BA of Intent to Proceed
- Bell Atlantic Orders Equipment, Prepares Site, and Completes Installation of Collocation Arrangement, POT Bays, Power, etc.
- Site Acceptance -- Method Of Procedure (MOP) Meeting
- Collocator Installs Transmission Equipment
- Equipment Powering, Final Quality Audit

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∴ *Virtual Collocation Implementation*

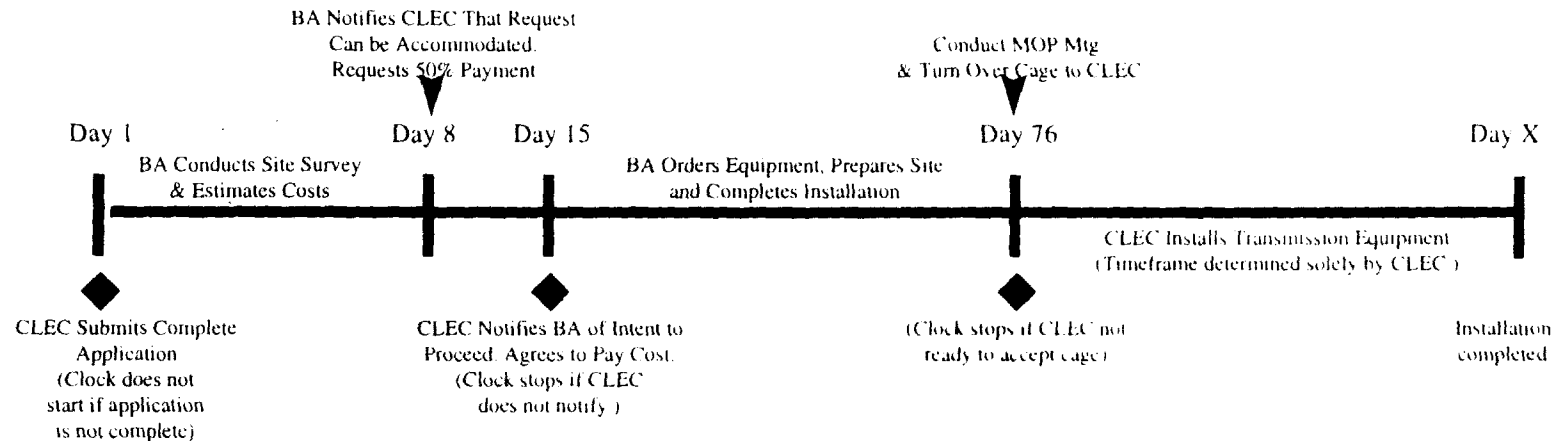
- Joint Build Process, With Milestones For Each Party
 - Collocator Submits Completed Application with Fee
 - Bell Atlantic Completes Site Survey, Prepares Estimated Costs
 - Collocator Agrees to Pay 50% Down-payment
 - Detailed Engineering*
 - Collocator Provides Training, If Required
 - Bell Atlantic Orders Ancillary Equipment
 - Collocator Delivers Transmission Equipment
 - Equipment Installation*
 - Collocator Provides Fiber To Manhole, If Required
 - Bell Atlantic Inventories Equipment and Runs Cross-Connects
 - Site Acceptance -- Joint Turn-up and Testing

* Collocator May Elect To Contract for These Services Directly From a Qualified Third Party Vendor

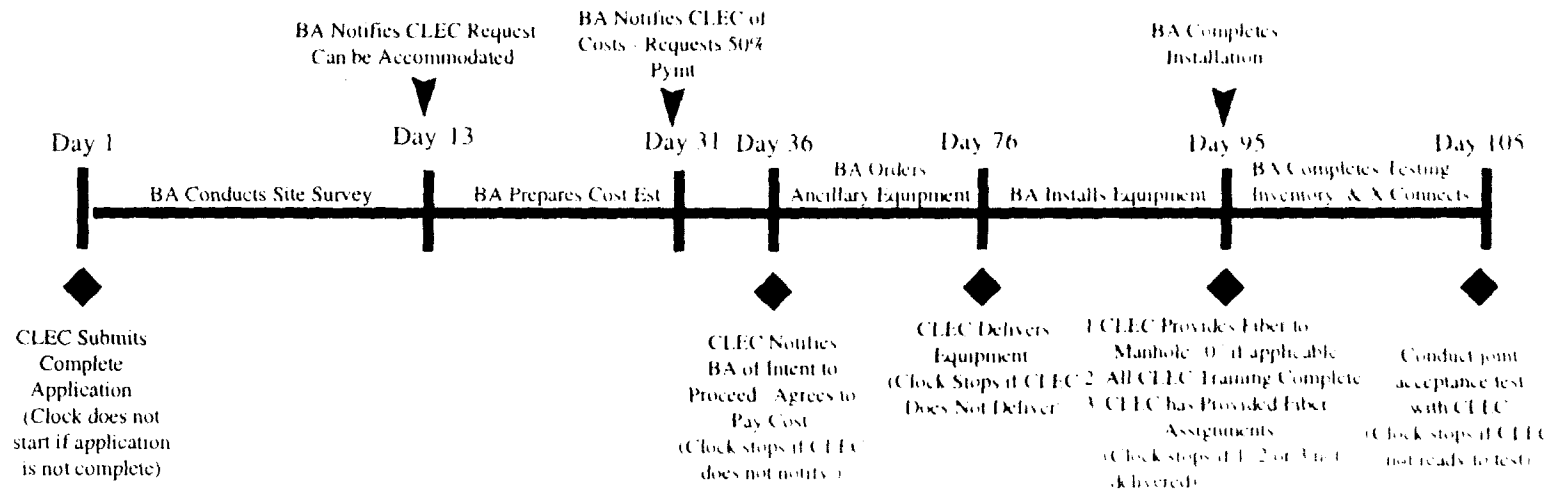
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Comparison of Physical and Virtual Intervals

PHYSICAL COLLOCATION



VIRTUAL COLLOCATION



∴ *Collocation Space Availability*

- BA-NY and NYPSC have Agreed to Process
 - CLECs Provide Near Term Office by Office Forecasts
 - When BA Identifies Space Constraint, it Will Inform the CLEC & NYPSC, and Post Information on Web Page
 - NYPSC Verifies BA Claims
- Space Availability is Not an Issue for Virtual Collocation
 - While it is Possible to Run Out of Space for Virtual Collocation, BA Would Also Be Out of Space for Its Own Growth and Would Already Have Contingency Plans, Regardless of Collocation

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∴ *Summary*

- Bell Atlantic has a Viable Process in Place to Implement Collocation
- Bell Atlantic has Demonstrated It Can Provide Collocation in Commercial Volumes

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February 19, 1998

Antonio Yanez

Vice President-Account Management

Telecom Industry Services



RECIPROCAL COMPENSATION

- BASICS
- CURRENT STATUS
- RATE STRUCTURE



RECIPROCAL COMPENSATION BASICS

- COMPENSATE CLECs AND WIRELESS CARRIERS FOR LOCAL TRAFFIC FROM BELL ATLANTIC NEW YORK (BA-NY) END USERS
- REQUIREMENT OF THE 1996 ACT

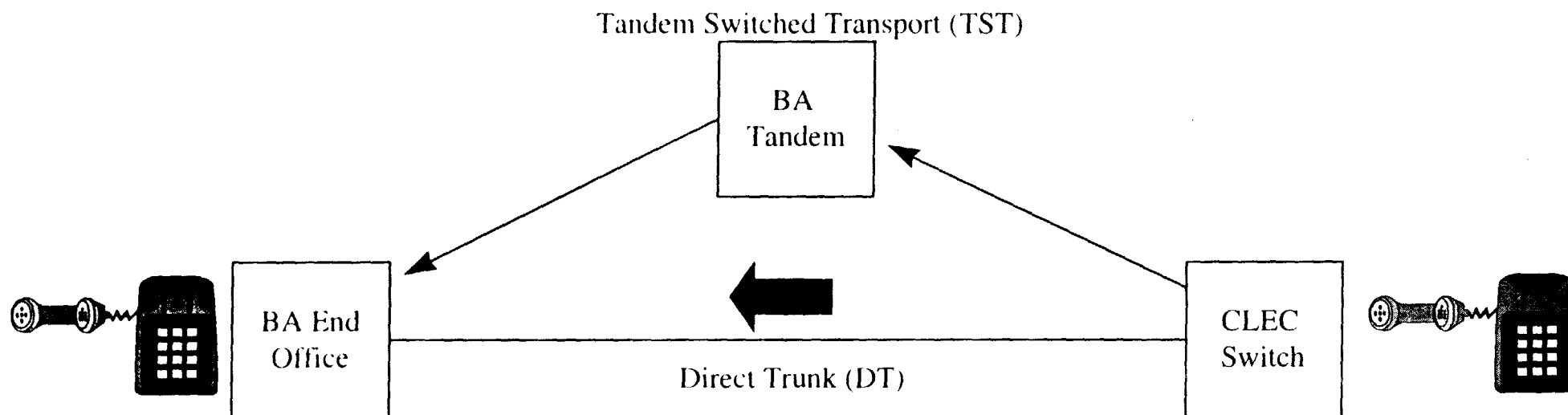


RECIPROCAL COMPENSATION STATUS

- BA-NY EXCHANGING LOCAL TRAFFIC WITH 11 CLECS
- FOR THE MONTH OF DECEMBER 1997:
 - TOTAL TRAFFIC EXCHANGED 800+ MILLION MINUTES
 - BA-NY PAID \$5.3 M
 - BA-NY COLLECTED \$0.7 M



Reciprocal Compensation Rate Structure CLEC to BA Local



- CLECs with switches can choose where to interconnect and where to send traffic:

DT: CLEC pays End Office Rate

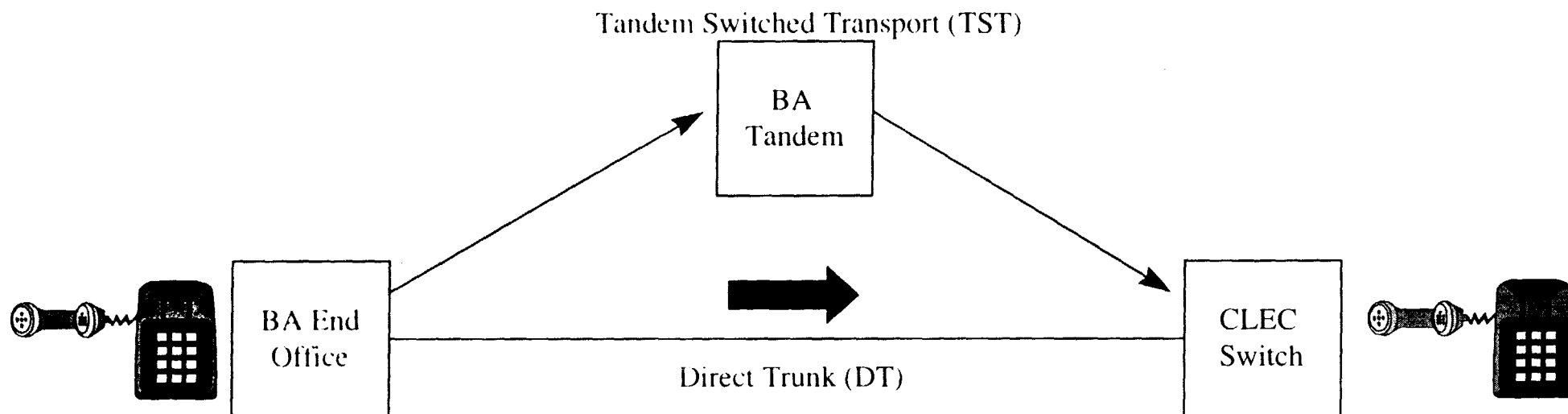
TST: CLEC pays Tandem Rate

- NYPSC Set Rates:

	Day	Eve.	Night
End Office	\$.006085	.003451	.003003
Tandem	\$.012197	.005692	.004131



Reciprocal Compensation Rate Structure BA to CLEC Local



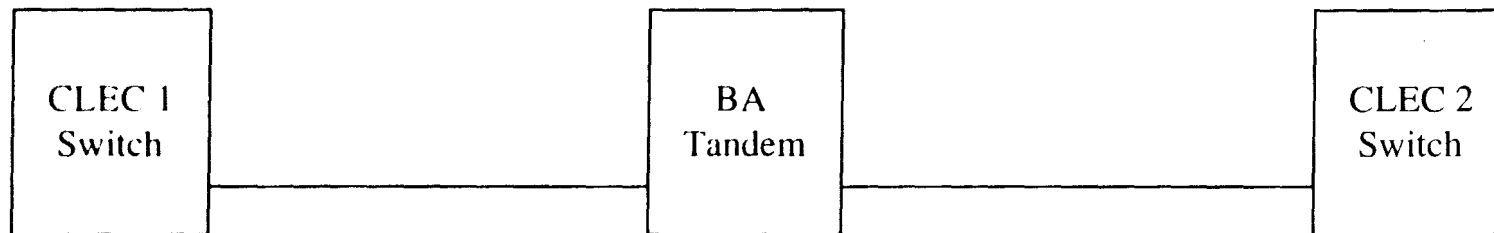
- BA-NY PAYS TANDEM RATES TO ALL CLECs

- NYPSC SET RATES:

	Day	Eve.	Night
Tandem	\$.012197	.005692	.004131



TANDEM TRANSIT TRAFFIC



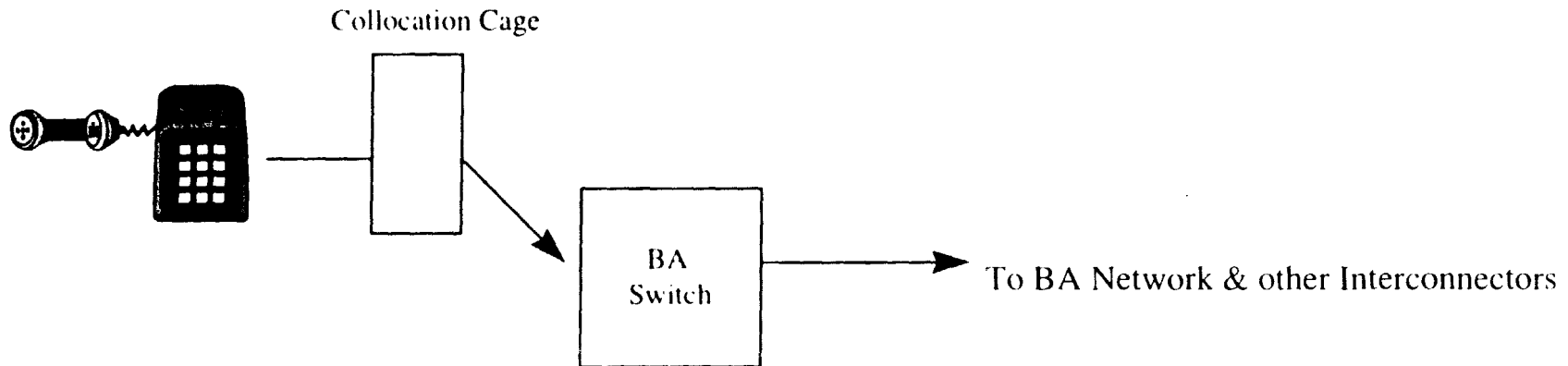
- BA-NY facilitates exchange of local traffic between CLECs for completion of local traffic
- BA-NY recovers Tandem and Transport costs through Tandem Transit

Charge:	Day	Eve	Night
Rate =	\$.006472	.003093	.002528

- Example of Applicable Charges
 - CLEC 1 End User call to CLEC 2 End User
 - BA-NY Collects Reciprocal Compensation (e.g.. \$.012) plus Tandem Transmit Charge (T.T.) (e.g.. \$.006)
 - BA-NY Pays Reciprocal Compensation (e.g., \$.012) to CLEC 2



RECIPROCAL COMPENSATION VS. UNBUNDLED LOCAL SWITCHING



NO ADDITIONAL COST FOR RECIPROCAL COMPENSATION WITH UNBUNDLED LOCAL SWITCHING

- CLEC incurs no local switching costs for terminating traffic
- Unbundled Local Switching Rate (\$.0038) for originating traffic recovers costs
- Local switching traffic sensitive costs for BA-NY customer call to CLEC are borne by BA-NY
- Reciprocal Compensation paid when CLEC physically provides switching



NEW YORK RESALE

“REQUIREMENT OF THE TELECOMMUNICATIONS ACT
- SECTION 251 (C)(4) IMPOSES A DUTY ON ALL INCUMBENT
LECS TO OFFER RETAIL TELECOMMUNICATIONS SERVICES
FOR RESALE AT WHOLESALE RATES.”

- NEW YORK RESALE LAUNCHED 10/96
- ESTABLISHING RESELLERS
 - NYPSC 915 TARIFF
 - NEGOTIATED INTERCONNECTION AGREEMENTS
- PRICING DISCOUNT LEVELS
 - * 19.1% WITH OPERATOR SERVICES & DIRECTORY ASSISTANCE (OS/DA)
 - * 21.7% WITHOUT OS/DA



PRODUCTS AND SERVICES AVAILABLE FOR RESALE

- ALL TARIFFED SERVICES
 - GRANDFATHER SERVICES LIMITED TO ELIGIBLE CUSTOMERS
 - PROMOTIONAL OFFERINGS
 - < 90 DAYS - DISCOUNT APPLIES TO RETAIL RATE
 - > 90 DAYS - DISCOUNT APPLIES TO PROMOTIONAL RATE
- CUSTOMER - SPECIFIC ARRANGEMENTS
 - QUOTES ON A PER APPLICATION BASIS
 - SAME PRICES FOR EQUIVALENT RETAIL OFFERINGS
 - RESALE DISCOUNT APPLIED

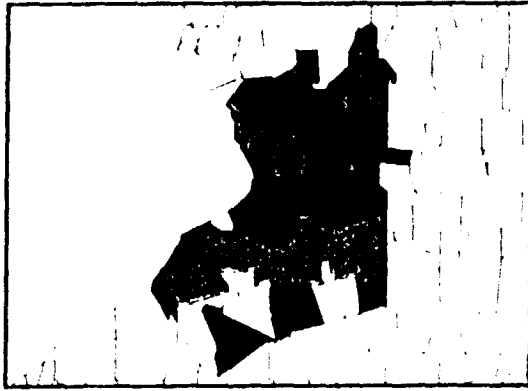


NEW YORK RESALE VOLUMES

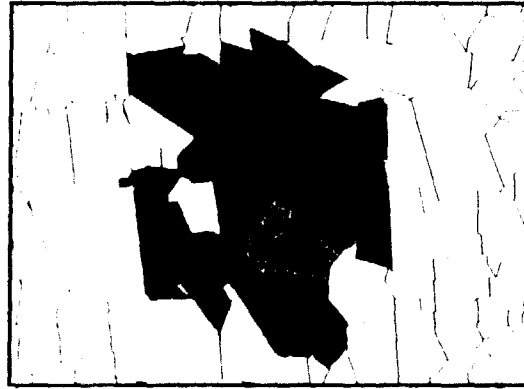
- EXPLOSIVE GROWTH SINCE 10/96
- NUMBER OF RESELLERS HAS TRIPLED IN 1997 to 40
- 129,000 RESOLD LINES
- MARKET CHARACTERISTICS:
 - * 83% BUSINESS
 - * 17% RESIDENCE
 - * LARGEST RESELLER: 55,000 LINES

Zip Codes with 10 or More Resold Listings (129,000 Total Resold Lines)

Buffalo



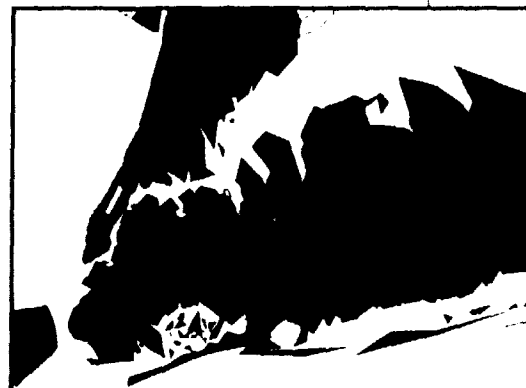
Syracuse



Albany



New York Metro Area

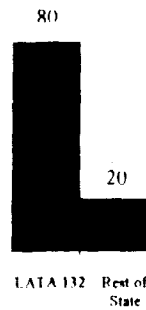


Distribution of Listings (%)

Business



Residential



- ALL BUSINESS
- ALL RESIDENTIAL
- BUSINESS AND RESIDENTIAL